

surrendered in a particular direction the personal use of money which he might have employed in other modes; and, as the consideration for this specific use, the debtor undertakes to pay a certain rate of remuneration, or a share of the profits which the employment of this money earns. Until the debt is discharged the lenders possess in common the security of the resources of the country in the one case, the net annual revenue of the railway, or the revenue from the taxable land and buildings administered by the corporation.

As the use of the loan is continuous and uninterrupted in aiding to produce the revenues of the debtor—a daily use, so to speak—so is the growth of the interest which is paid upon it, since the exchange is one of exact quality. Interest, that is to say, accrues¹ or grows from day to day, or really from moment to moment. But as it would be impracticable to make a daily or even weekly payment of interest, the amount is, in practice, paid at longer specific times in each year of use, but, nevertheless, it is growing from instant to instant.

If, for example, the interest is payable on the 1st of January and the 1st of July, each payment is termed "Interest due and payable"; but if we take an intermediate point of time—say the 1st of April—we then have an amount of interest (at the specified rate) which has grown from the preceding 1st of January to the date in question (in this illustration the accrued amount would be that for one-quarter of a year); and this fractional (or proportional) portion of the half-yearly interest is termed "Interest accrued," and recognises the fact that interest does not suddenly occur at the settled dates of actual payment, but grows daily, though not discharged except at conventionally fixed times. If, however, the debt were redeemed between two periodical dates for payment of interest, the amount accrued to the time of repayment from the prior periodical date would be concurrently paid.

If the reader should examine the

balance-sheet of a bank he will discover an example of what is really accrued interest.

¹ Accrue: derived apparently from an Old French word *acrewe*, meaning " that which grows up, to the profit of the owner, on the eath or in a wood" ; it is used to translate the Latin *accrescere*, to grow larger.